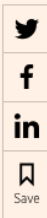


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Start-up accelerator AlphaLab nurtures the city's tech talent

Inward investment and early-stage backing are up, but local venture capital falls short



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Sarah Murray JULY 29, 2018



In a former Pittsburgh bowling alley, Maven Machines aims to save lives by developing a wireless headset that monitors truck drivers' fatigue and concentration.

On the same floor of the building, Noah Snyder and Kasey Catt, co-founders of Interphase Materials, are using the research on anti-microbial brain implants they developed at the University of Pittsburgh to make non-toxic coatings for infrastructure such as bridges and pipelines.

The two companies — among some 20 start-ups working from AlphaLab Gear, a Pittsburgh hardware accelerator — are part of an ecosystem of emerging tech enterprises that is winning "Steel City" a new reputation as a top technology hub.

On the floor below AlphaLab Gear is AlphaLab, a software accelerator. Entrepreneurs from such neighbouring hardware and software outfits often end up collaborating. "The internet of things means a lot of companies straddle the line between hardware and software," says Ilana Diamond, AlphaLab Gear's managing director. "They can benefit from running into each other in the hall."

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Big tech companies are also becoming involved. In an area now known as Robotics Row, comprising the Strip District and Lawrenceville neighbourhoods, robotics and autonomous vehicles companies have set up shop, including Uber's Advanced Technologies Group, which focuses on self-driving technologies, mapping and vehicle safety. On Bakery Square, near the Shadyside neighbourhood, Google has set up offices in a former factory of Nabisco, the bakery product and snack manufacturer.

Inward investment in the technology sector from overseas and from other US states rose from \$33.4m in 2009 to almost \$55m in 2017, according to fDi Intelligence, a Financial Times data service tracking cross-border investment flows.

"Over the past decade or so, Pittsburgh has far outpaced the nation's average growth in tech and venture capital investing," says Rich Lunak, chief executive of Innovation Works, the seed stage investor that supports AlphaLab and AlphaLab Gear.

In the 1980s, it was state funding that helped kick-start the tech sector. In the wake of the steel industry's collapse, Ben Franklin Technology Partners, one of the country's oldest tech-based economic development initiatives, was established to provide support for start-ups including access to capital and business expertise.

The city's latest generation of tech entrepreneurs stands on the shoulders of local giants such as Carnegie Mellon University's Herbert Simon, a Nobel Prize winner considered a founding father of technologies such as artificial intelligence.

Adding to the city's academic and research clout is the University of Pittsburgh, a life sciences leader, and the [University of Pittsburgh Medical Center](#) (UPMC), which announced last year it would put \$2bn into developing new digitally focused speciality hospitals.

"In the industries driving the fourth industrial revolution — AI, robotics, [autonomous vehicles](#), nanotechnology, biology — Pittsburgh has leadership in almost every one," says Mr Lunak.

The physical proximity of these research institutions, all in the city's Oakland district, has also helped, says Evan Facher, head of the University of Pittsburgh's Innovation Institute. "You have 1.7 square miles where the University of Pittsburgh, Carnegie Mellon and the healthcare system [UPMC] sit," he says. "So you have a huge density of ideas being created in a really small area."

Even so, the city has gaps to fill as it builds its reputation as a tech and innovation hub, including the lack of a well-established local venture capital industry. "Historically, we've not had a lot of indigenous venture capital resident here," says Mr Lunak.

Rob Rutenbar, the University of Pittsburgh's senior vice-chancellor for research, agrees. "Pittsburgh has a lot of opportunities in the tech landscape. But it's not

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research, agrees: “There’s a bunch of venture in the neighbourhood. But it’s not at the scale of either of the coasts.”

Moreover, while big companies such as Ford, Google, Facebook and Uber are setting up offices in Pittsburgh, no global tech business has made its headquarters there.

“Right now we don’t have a Microsoft,” says Jim Jen, AlphaLab director.

“What we would like to have is companies growing to that scale, creating the anchor companies here. That would speed things up and bring more scale and financial returns for investors.”

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